

OGC Has

Reviewed DD/S 63-2393

*Pers*, 11-1

5 June 1963

**MEMORANDUM FOR:** Chief, Benefits and Services Division  
Office of Personnel

**SUBJECT** : GEHA Group Life Insurance Program

**REFERENCE** : Memo for the Record dd 2 May 63 by OGC,  
same subject

1. At a meeting on 4 June 1963 with Lawrence Houston and [redacted]  
[redacted] Office of General Counsel; [redacted] Chairman of the  
GEHA Board of Directors; and Emmett Echols, Director of Personnel,  
it was agreed that a small task force should be appointed to study the  
problems raised in reference memorandum. The membership shall be:



Chairman  
Member  
Member and Legal Advisor

2. It is requested that the task force examine these problems forthwith, seeking advice and assistance from appropriate components of the Agency in order to ensure that all aspects of the Agency business are considered during the examination. Their conclusions and recommendations, with the comments of the GEHA Board of Directors, should be submitted to the Deputy Director (Support) through the Director of Personnel.

3. Until the work of the task force is completed, the chairman should furnish monthly progress reports to the Deputy Director (Support), the first of which is to be submitted on 1 July 1963.

L. K. White  
Deputy Director  
(Support)

Attachment:

Reference

DD/S:LKW:jas:sbo

cc: D/Pers w/o att

OGC w/o att

Distribution:

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C/Budget Division w/att

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*Personnel 11-1*

20 May 1963

**Deputy Director of Security**

4E-60            Headquarters

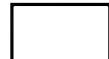
Bob:

When you have had a chance to look this over, Colonel White thinks we should have a get-together with Emmett Echols and Larry Houston.

*131*  
H.G.L.

**Assistant Deputy Director (Support)**

7D-18            Headquarters



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ADD/S:HGL:fp

Distribution:

- O - Addressee w/o DD/S 63-1962
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DD/S 63-1962 - Memo for the Record dtd 2 May 63, subj: "GEHA Group Life Insurance Program" fr  



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TO:	Mr. Lloyd and Colonel White
ROOM NO.	BUILDING
REMARKS:	

I alerted [redacted] to  
this memo, which he and Emmett  
had not yet received. Charlie will  
be prepared for whatever Task Force  
action may be necessary.

IS [redacted]  
L R/H agreed [redacted] RBF  
to want [redacted]

FROM:	[redacted]	
ROOM NO.	BUILDING	EXTENSION

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DOCS 63-19612

2 May 1963

MEMORANDUM FOR THE RECORD

SUBJECT: GEHA Group Life Insurance Program

1. An OGC review of the GEHA group life insurance program has led us to the conclusion that certain aspects of the program require a detailed re-examination.

2. The aspects this office has in mind are:

(a) [redacted], which announced the UBLIC group life insurance plan for GEHA Contract Employees, states "The agreement with the underwriter stipulates that the insured persons will be 'standard risks' whose assigned duties are not significantly more hazardous than those of staff personnel." This "standard risk" concept does not appear in the Contract Employees policy and, in any event, it is a nebulous concept. It would seem that the only standard of eligibility should be membership in the class of personnel that the Agency desires to have covered. Another facet of the Contract Employees policy which merits inquiry is the Experience Rating provision giving the carrier the right to change the premium rates on the first policy anniversary and each premium due date (monthly) thereafter. The monthly term is relatively short in comparison with the UBLIC policy issued to GEHA members generally. That policy provides for computation and adjustment of premiums on an annual basis. Perhaps the premium rates for the Contract Employees policy could also be reviewed on an annual basis. If this resulted in a poor claims experience due to the Agency's unique operations, and this experience was reflected in increased premiums in excess of the standard group rates, an Agency subsidy of the excess premium would be in order.

(b) While this office has doubts as to the legal effect of Omaha's 15 November 1956 letter to GEHA relating generally to coverage of hazardous and extra-hazardous risks, the terms



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"hazardous" and "extra-hazardous" are also nebulous in nature. GEHA has a good faith relationship with UBLIC and the Agency should consider arranging more concrete standards with the company in order to avoid any misunderstanding.

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(c) GEHA's 19 October 1962 memorandum [redacted] states that if GEHA Contract Personnel group life insurance for [redacted] is intended to be payable regardless of the circumstances of death, coverage can be arranged only with the understanding that GEHA will be reimbursed from project funds for losses incurred in those instances where the death of the insured is attributable to operational conditions not within the intent of GEHA's agreement with the insurance underwriter that the insured persons will be "standard risks." The GEHA memorandum continues that each case resulting from the above will be decided upon by the Board of Directors of GEHA Incorporated based upon the circumstances of death and the interpretation of the agreement with the underwriters. Is not this properly a determination for the Agency to make?

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(d) The GEHA group life policies have been in existence for approximately nine years now and it might be well for us to review the terms of these policies in light of present circumstances. For example:

- (1) Do the group life insurance policies presently in force provide coverage commensurate with Agency needs?
- (2) Could more favorable premium rates be obtained?
- (3) Should and must the Agency give the insurance carrier the right of inspection of Agency insurance records, as provided in both the GEHA group life policies, and the right to medical examination and autopsy in the case of accidental death and dismemberment as provided in the policy issued to GEHA members generally?
- (e) The present UBLIC policies are issued to separate entities, namely, to GEHA and to GEHA Contract Employees, rather than directly to the Agency. The use of separate entities necessitates the filing of tax reports and raises a question as to

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whether GEHA, presently incorporated in D. C., must, in view of the Agency's move to Langley, qualify to do business in Virginia. Also, in view of the Agency's move, should the group life policy be issued in Virginia rather than in the District?

3. Resolution of the issues raised above would require serious study and undoubtedly would present mixed policy and legal questions. It is therefore proposed that a joint task force be established to re-examine the GEHA group life insurance program and formulate recommendations.



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Office of General Counsel

O-DD/S  
1-D/Personnel